

Message Text

CONFIDENTIAL

PAGE 01 LIMA 06543 191541Z

53

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 ACDA-07

/096 W

----- 063523

R 191350Z JUL 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1036

C O N F I D E N T I A L LIMA 6543

E.O. 11652: GDS

TAGS: PFOR, EXIM, PE

SUBJECT: MISSION RESPONSE TO PRE-IG REVIEW OF FY 77-78 CASP PERU

REF: STATE 167112

1. LIMA MISSION CASP COMMITTEE HAS REVIEWED SUGGESTED CHANGES OF PRE-IG, FINDING MOST OF THEM USEFUL ADDITIONS OF DATA, PERSPECTIVE, AND LANGUAGE TO THE PERU CASP. A SEPARATE TELEGRAM WILL TRANSMIT OUR DRAFT FOR THE SUGGESTED NEW ISSUE TREATING PERUVIAN ARMS ACQUISITION. OUR FEW EXCEPTIONS TO THE PRE-IG CHANGES FOLLOW.

2. PAGE 13, PARA 2 UNDER "REASONS FOR RECOMMENDATIONS", WE PROPOSE PARA READ: "IN ADDITION TO THE MARCONA DISPUTE, SEVERAL OTHER INVESTMENT DISPUTES ARE PENDING SETTLEMENT (E.G. GULF) AND FURTHER INVESTMENT DISPUTES WILL PROBABLY TAKE PLACE." WE DID NOT INCLUDE COMMENT ON SPCC BECAUSE WE THINK IT PREMATURE TO LUMP TAXES AND PENALTIES AGAINST SPCC IN SAME CONTEXT WITH MORE SHARPLY FOCUSED AND NATURED INVESTMENT DISPUTES. FOR SAME REASON WE SUGGEST SUBSTITUTION OF "ADDITIONAL" FOR "SIMILAR" IN YOUR NEW PARA 4, PAGE 9.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LIMA 06543 191541Z

3. PAGE 16, PARA 2 UNDER "IMPORTANT ASSUMPTIONS", WE PREFER THAT SECOND SENTENCE END WITH "RELATIONS" AND THIRD SENTENCE READ: "WHILE SETTLEMENT OF THE MARCONA AND GULF CASES SHOULD REMOVE MAJOR IRRITANTS IN THESE RELATIONS, THEY WILL NOT COMPLETELY END OUR INVESTMENT PROBLEMS WITH PERU."

4. PAGE 16, SUGGESTED SIXTH ASSUMPTION OF PRE-IG, WE SUGGEST DROPPING "BILATERAL ASSISTANCE AND" SINCE OFFICIAL U.S. ASSISTANCE TO PERU FILLS SUCH A SMALL PORTION OF PERU'S FINANCIAL REQUIREMENTS THAT IT PROVIDES LITTLE LEVERAGE TO THE USG IN PROTECTING OUR ECONOMIC INTERESTS.

5. PAGE 17, SUGGESTED SEVENTH ASSUMPTION OF PRE-IG. MISSION BELIEVES SEVENTH RECOMMENDATION IS INAPPROPRIATE AND UNNECESSARY. JUSTIFICATION FOR USAID TO PERU IS NOT RELATED TO GOP'S HANDLING OF MACRO ASPECTS OF ITS ECONOMY. IN ACCORDANCE WITH CONGRESSIONAL MANDATE, USAID PROGRAM IN PERU IS DIRECTED AT POOREST ELEMENTS OF POPULATION AND HAS VERY LITTLE EFFECT ON THE INTERNAL AND EXTERNAL RESOURCE BALANCES OF THE COUNTRY. THUS USG OFFICIAL ASSISTANCE DOES NOT REPRESENT LEVERAGE ON PERU TO DEVELOP A LONG-TERM MACRO ECONOMIC PLAN. WE FURTHER SUGGEST DROPPING LAST TWO SENTENCES OF SUGGESTED RECOMMENDATION SINCE GOP HAS BEEN AWARE OF THIS SITUATION FOR SEVERAL MONTHS.

6. ISSUE NO. 3, RECOMMENDATION 2, PAGE 18. EMBASSY ALSO HAS ITS OWN RESERVATION ABOUT EFFICACY OF CROP SUBSTITUTION WHICH IS THE REASON OUR CASP CALLS FOR INITIAL STUDY "TO ENCOURAGE THE GOP TO UNDERTAKE A CROP SUBSTITUTION STUDY." WE WILL NEVER KNOW ABOUT CROP SUBSTITUTION IN PERU UNTIL WE CAN GET THE PERUVIANS TO UNDERTAKE A SERIOUS FEASIBILITY STUDY. CCINC FUND HAS BUDGETED BUT NOT USED \$20,000 FOR THIS PURPOSE FOR THREE YEARS RUNNING. THE NCAP WILL ADDRESS CROP SUBSTITUTION ISSUE AND WHETHER THIS UNEXPENDED FUND IS ADEQUATE TO FINANCE THE PROJECT, WHICH IS STILL REQUIRED IN OUR ESTIMATION.

7. EMBASSY HAS REVIEWED 5 FAM 900 AND HAS NO OBJECTION TO CHANGING CASP CLASSIFICATION TO "CONFIDENTIAL" IF THIS AGREEABLE TO PERTINENT WASHINGTON AGENCIES.

DEAN
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LIMA 06543 191541Z

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CASP, ANNUAL REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA06543
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760277-0693
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760745/aaaabnfx.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 167112
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2004 by saccheem>; APPROVED <28 OCT 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MISSION RESPONSE TO PRE-IG REVIEW OF FY 77-78 CASP PERU
TAGS: PFOR, PE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006